



Security Council

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Security Council Committee established pursuant to resolution 1718 (2006)

Note verbale dated 27 July 2009 from the Permanent Mission of Austria to the United Nations addressed to the Acting Chairman of the Committee

The Permanent Mission of Austria to the United Nations presents its compliments to the Acting Chairman of the Committee and, with reference to the request in the Committee note dated 29 June 2009, has the honour to transmit herewith the report of Austria on its implementation of resolutions 1718 (2006) and 1874 (2009) (see annex).



Annex to the note verbale dated 27 July 2009 from the Permanent Mission of Austria to the United Nations addressed to the Acting Chair of the Committee

**Security Council resolutions 1718 (2006) and 1874 (2009)
Implementation by Austria**

1. Austria and the other member States of the European Union (EU) have jointly implemented the restrictive measures against the Democratic People's Republic of Korea imposed by the Security Council in its resolutions 1718 (2006) and 1874 (2009) by taking the following common measures:

- Council Common Position No. 2006/795/CFSP of 20 November 2006 concerning restrictive measures against the Democratic People's Republic of Korea
- Council Regulation (EC) No. 329/2007 of 27 March 2007 concerning restrictive measures against the Democratic People's Republic of Korea
- Commission Regulation (EC) No. 117/2008 of 28 January 2008 amending Council Regulation (EC) No. 329/2007 concerning restrictive measures against the Democratic People's Republic of Korea
- Commission Regulation (EC) No. 389/2009 of 12 May 2009 amending Council Regulation (EC) No. 329/2007 concerning restrictive measures against the Democratic People's Republic of Korea
- A Council common position implementing Security Council resolution 1874 (2009) to be adopted without delay

2. In addition, the competent Austrian authorities will apply the following Austrian legislation in implementing the restrictive measures against the Democratic People's Republic of Korea imposed by the Security Council in resolution 1874 (2009):

- With regard to the obligations contained in paragraphs 9 and 10 of Security Council resolution 1874 (2009), the War Materials Act (Federal Law Gazette I No. 57/2001, as amended), the Foreign Trade Act (Federal Law Gazette I No. 50/2005, as amended) and Foreign Trade Regulation (Federal Law Gazette II No. 121/2006) require an export authorization for the sale, supply, transfer or export of arms and related materiel to third countries and an authorization for the provision of brokering services related to military activities. According to the relevant provisions of these instruments, no authorization may be granted to export war materials, etc., to countries under a United Nations or an EU arms embargo. Non-compliance with the War Materials Act or the Foreign Trade Act constitutes a criminal offence punishable by up to five years of imprisonment or payment of a fine of up to 360 daily rates.

In addition, the Austrian Penal Code (Federal Law Gazette I No. 60/1974, as amended) stipulates that illegal military assistance or support to a party to an armed conflict to which the Republic of Austria is not a party, including the supply of war material in violation of the existing legislation, is punishable by up to five years of imprisonment.

- With regard to the obligation contained in paragraph 18 of Security Council resolution 1874 (2009), relating to the freezing of funds, other financial assets and economic resources, the Austrian Exchange Control Act (Federal Law Gazette I No. 123/2003) stipulates that non-compliance with regulations of the European Community or relevant Austrian Federal Government regulations concerning the freezing of funds is a criminal offence punishable by up to one year of imprisonment.
- With regard to the obligation contained in paragraph 8 (e) of Security Council resolution 1718 (2006), as referred to in paragraph 18 of Security Council resolution 1874 (2009), to prevent the entry into or transit through the territory of the Republic of Austria of the persons designated by the Sanctions Committee or by the Security Council as being responsible for, including through supporting or promoting, Democratic People's Republic of Korea policies in relation to the Democratic People's Republic of Korea nuclear-related, ballistic missile-related and other weapons of mass destruction-related programmes, the Austrian Aliens Police Law (Federal Law Gazette I No. 157/2005, as amended) and the Law on Residence (Federal Law Gazette I No. 100/2005, as amended) empower the competent Austrian authorities to impose the appropriate travel or entry restrictions. The necessary instructions were issued immediately after the designation of such persons by the Sanctions Committee or by the Security Council on 16 July 2009.
- With regard to the obligations contained in paragraphs 19 and 20 of Security Council resolution 1874 (2009), Council Regulation (EC) No. 329/2007 is directly applicable and prohibits the direct or indirect provision of financing or financial assistance related to goods and technology specified in the EU common list of military equipment and in the annex to the regulation. This includes export credit insurance. The Austrian cover policy and the agreements between the competent Austrian authorities and Austria's official export credit agency were amended in order to ensure that no grants, financial assistance, and concessional loans, except for humanitarian and developmental purposes, are conceded to the Government of the Democratic People's Republic of Korea.

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**Security Council Committee established
pursuant to resolution 1718 (2006)****Note verbale dated 28 July 2009 from the Permanent Mission
of Australia to the United Nations addressed to the Chairman
of the Committee**

The Permanent Mission of Australia to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1718 (2006) and has the honour to refer to the provisions of Security Council resolution 1874 (2009).

The Permanent Mission of Australia has the honour to provide the Chairman, pursuant to paragraph 22 of resolution 1874 (2009), with a report on the steps taken by Australia to implement paragraph 8 of resolution 1718 (2006) as well as paragraphs 9 and 10 of resolution 1874 (2009) and the financial measures set out in paragraphs 18, 19 and 20 of resolution 1874 (2009) (see annex).



Annex to the note verbale dated 28 July 2009 from the Permanent Representative of Australia to the United Nations addressed to the Chairman of the Committee

Report of Australia to the Security Council pursuant to paragraph 22 of Security Council resolution 1874 (2009)

In paragraph 22 of resolution 1874 (2009), adopted on 12 June 2009 by the Security Council,

Calls upon all Member States to report to the Security Council within forty-five days of the adoption of this resolution and thereafter upon request by the Committee on concrete measures they have taken in order to implement effectively the provisions of paragraph 8 of resolution 1718 (2006) as well as paragraphs 9 and 10 of this resolution, as well as financial measures set out in paragraphs 18, 19 and 20 of the present resolution.

The present report describes the steps taken by Australia to implement those paragraphs.

Paragraph 8 of resolution 1718 (2006) and paragraphs 9 and 10 of resolution 1874 (2009)

Paragraph 8 (a), (b), (c) and (d) of resolution 1718 (2006) are implemented in Australia in the Charter of the United Nations (Sanctions — Democratic People's Republic of Korea) Regulations 2008 (Democratic People's Republic of Korea Regulations). Amendments to bring the Democratic People's Republic of Korea Regulations into line with the provisions of paragraphs 9 and 10, *inter alia*, of resolution 1874 (2009) were made by the Charter of the United Nations (Sanctions — Democratic People's Republic of Korea) Amendment Regulations 2009 (No. 1), which came into effect on 11 July 2009.

Paragraph 8 (a) of resolution 1718 (2006)

(a) All Member States shall prevent the direct or indirect supply, sale or transfer to the Democratic People's Republic of Korea, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of:

(i) Any battle tanks, armoured combat vehicles, large-calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register on Conventional Arms, or related materiel including spare parts, or items as determined by the Security Council or the Committee established by paragraph 12 below (the Committee);

(ii) All items, materials, equipment, goods and technology as set out in the lists in documents S/2006/814 and S/2006/815, unless within fourteen days of the adoption of the present resolution the Committee has amended or completed their provisions also taking into account the list in document S/2006/816, as well as other items, materials, equipment, goods and technology, determined by the Security Council or the Committee, which could contribute to the Democratic People's Republic

of Korea's nuclear-related, ballistic missile-related or other weapons of mass destruction-related programmes;

(iii) Luxury goods.

As amended by paragraph 10 of resolution 1874 (2009)

Decides that the measures in paragraph 8 (a) of resolution 1718 (2006) shall also apply to all arms and related materiel, as well as to financial transactions, technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of such arms, except for small arms and light weapons and their related materiel, and calls upon States to exercise vigilance over the direct or indirect supply, sale or transfer to the Democratic People's Republic of Korea of small arms or light weapons, and further decides that States shall notify the Committee at least five days prior to selling, supplying or transferring small arms or light weapons to the Democratic People's Republic of Korea.

The provisions of paragraph 8 (a) of resolution 1718 (2006) and paragraph 10 of resolution 1874 (2009), as they relate to the supply to the Democratic People's Republic of Korea of goods, are implemented in Australia by regulations 9 and 14B of the Democratic People's Republic of Korea Regulations.

Regulation 9 of the Democratic People's Republic of Korea Regulations prohibits the supply to the Democratic People's Republic of Korea of arms and related materiel without a permit issued by the Minister for Foreign Affairs under regulation 14B, or validly issued under the law of another country in compliance with its obligations under resolutions 1718 (2006) and 1874 (2009). Regulation 14B of the Democratic People's Republic of Korea Regulations only allows the Minister for Foreign Affairs to issue a permit for the supply to the Democratic People's Republic of Korea of small arms or light weapons. The Minister must not grant a permit unless the Minister has notified the Committee established by paragraph 12 of resolution 1718 (2006) (the Committee) and five working days have passed since the notification and the Committee has not advised against granting the permit to the applicant.

Regulation 9 of the Democratic People's Republic of Korea Regulations prohibits outright the supply of the following goods to the Democratic People's Republic of Korea from Australia, or by an Australian, or using an Australian flagged vessel or flag aircraft:

(a) Goods that are mentioned in documents S/2006/814, S/2006/815, S/2006/853, S/2009/205, INFCIRC/254/Rev.9/Part 1a, INFCIRC/254/Rev.7/Part 2a;

(b) Goods that have been determined by the Security Council or the Committee pursuant to subparagraphs 8 (a) (i) and (ii) of resolution 1718 (2006); and

(c) Goods that have been listed as luxury goods by the Minister for Foreign Affairs by legislative instrument. Regulation 5 of the Democratic People's Republic of Korea Regulations prohibits the provision of luxury goods mentioned in the luxury goods list. The Minister for Foreign Affairs under the Charter of the United Nations (Sanctions — Democratic People's Republic of Korea) Luxury Goods List 2008 has specified 27 categories of goods to be luxury goods.

Paragraph 8 (b) of resolution 1718 (2006)

The Democratic People's Republic of Korea shall cease the export of all items covered in subparagraphs (a) (i) and (a) (ii) above and that all Member States shall prohibit the procurement of such items from the Democratic People's Republic of Korea by their nationals, or using their flagged vessels or aircraft, and whether or not originating in the territory of the Democratic People's Republic of Korea.

As amended by paragraph 9 of resolution 1874 (2009)

Decides that the measures in paragraph 8 (b) of resolution 1718 (2006) shall also apply to all arms and related materiel, as well as to financial transactions, technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of such arms or materiel.

The provisions of paragraph 8 (b) of resolution 1718 (2006) and paragraph 9 of resolution 1874 (2009), as they relate to the procurement from the Democratic People's Republic of Korea of goods, are implemented in Australia by regulation 10 of the Democratic People's Republic of Korea Regulations.

Regulation 10 of the Democratic People's Republic of Korea Regulations prohibits outright a person from procuring the following goods from the Democratic People's Republic of Korea or from any person or entity in the Democratic People's Republic of Korea:

- (a) Arms and related materiel;
- (b) Goods listed in documents S/2006/814, S/2006/815, S/2006/853, S/2009/205, INFCIRC/254/Rev.9/Part 1a and INFCIRC/254/Rev.7/Part 2a; and
- (c) Any goods determined by the Security Council or the Committee for paragraphs 8 (l) (i) and (ii) of resolution 1718 (2006).

Paragraph 8 (c) of resolution 1718 (2006) as supplemented by paragraphs 9 and 10 of resolution 1874 (2009)

All Member States shall prevent any transfers to the Democratic People's Republic of Korea by their nationals or from their territories, or from the Democratic People's Republic of Korea by its nationals or from its territory, of technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of the items in subparagraphs (a) (i) and (a) (ii) above.

The provisions of paragraph 8 (c) of resolution 1718 (2006) and paragraphs 9 and 10 of resolution 1874 (2009), as they relate to the provision to, and the procurement from, the Democratic People's Republic of Korea of financial transactions and services, are implemented in Australia by regulations 11 and 14C of the Democratic People's Republic of Korea Regulations.

Regulation 11 of the Democratic People's Republic of Korea Regulations prohibits the provision to the Democratic People's Republic of Korea, and the procurement from the Democratic People's Republic of Korea, of financial transactions, technical training, advice, services or assistance related to the supply of arms or related materiel without a permit issued by the Minister for Foreign

Affairs under regulation 14C, or validly issued under the law of another country in compliance with its obligations under resolutions 1718 (2006) and 1874 (2009). Regulation 14C of the Democratic People's Republic of Korea Regulations allows the Minister for Foreign Affairs to issue a permit for the provision to the Democratic People's Republic of Korea only of such services related to the supply to the Democratic People's Republic of Korea of small arms or light weapons. The Minister must not grant a permit unless the supply has itself been authorized in accordance with Regulation 9 (see above).

Regulation 11 of the Democratic People's Republic of Korea Regulations prohibits outright the provision to the Democratic People's Republic of Korea, and the procurement from the Democratic People's Republic of Korea, of technical training, advice, services or assistance if it relates to:

(a) Goods that are mentioned in documents S/2006/814, S/2006/815, S/2006/853, INFCIRC/254/Rev.9/Part 1a, INFCIRC/254/Rev.7/Part 2a; and

(b) Goods that have been determined by the Security Council or the Committee for subparagraphs 8 (a) (i) and (ii) of resolution 1718 (2006).

Paragraph 8 (d) of resolution 1718 (2006)

All Member States shall, in accordance with their respective legal processes, freeze immediately the funds, other financial assets and economic resources which are on their territories at the date of the adoption of the present resolution or at any time thereafter, that are owned or controlled, directly or indirectly, by the persons or entities designated by the Committee or by the Security Council as being engaged in or providing support for, including through other illicit means, the Democratic People's Republic of Korea's nuclear-related, other weapons of mass destruction-related and ballistic missile-related programmes, or by persons or entities acting on their behalf or at their direction, and ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of such persons or entities.

Paragraph 8 (d) of resolution 1718 (2006) is implemented in Australia by regulations 12, 13 and 14 of the Democratic People's Republic of Korea Regulations.

Regulation 12 of the Democratic People's Republic of Korea Regulations prohibits making an asset available, directly or indirectly, to, or for the benefit of, a designated person or entity, or a person or entity acting on behalf of or at the direction of a designated person or entity.

Regulation 13 of the Democratic People's Republic of Korea Regulations prohibits a person who holds a controlled asset from using or dealing with the asset, or allowing the asset to be used or dealt with, of facilitating the use of, or the dealing with, the asset. A controlled asset is an asset that is owned or controlled by a designated person or entity, or a person or entity acting on behalf of or at the direction of a designated person or entity.

For the purposes of the Regulations, "designated person or entity" means a person or entity designated by the Committee or by the Security Council pursuant to

paragraph 8 (d) of resolution 1718. This has the effect of incorporating by reference all persons and entities designated by the Committee on 24 April 2009 and 16 July 2009, as well as in any future decision by the Committee or the Security Council, as being subject to paragraph 8 (d) of resolution 1718 (2006).

Regulation 14 provides that the Minister for Foreign Affairs may, on application, grant a person a permit authorizing the making available of an asset to a person or entity that would otherwise contravene regulation 12, or a use of, or a dealing with, a controlled asset that would otherwise contravene regulation 13, in relation to any of the circumstances permitted by and subject to the conditions set out in paragraph 9 of resolution 1718 (2006).

Penalties for breach of regulations 9, 10, 11, 12 and 13 of the Democratic People's Republic of Korea Regulations

Regulations 9, 10, 11, 12 and 13 have been specified by the Minister for Foreign Affairs as United Nations sanction enforcement laws. Contravention of a United Nations sanction enforcement law, or of a condition of a permit granted under a United Nations sanction enforcement law (such as a permit granted under regulation 14B) is an offence under section 27 of the *Charter of the United Nations Act 1945*. The maximum penalties upon conviction for such an offence are, for individuals, 10 years' imprisonment or a fine the greater of 2,500 penalty units or three times the value of the transaction (if this can be calculated). For a body corporate, the offence is an offence of strict liability unless it can prove that it took reasonable precautions, and exercised due diligence, to avoid contravening the law. The maximum penalty for bodies corporate upon conviction is a fine the greater of 10,000 penalty units or three times the value of the transaction (if this can be calculated). A penalty unit is equivalent to AUS \$110 under section 4AA of the *Commonwealth Crimes Act 1914*.

Paragraph 8 (e) of resolution 1718 (2006)

All Member States shall take the necessary steps to prevent the entry into or transit through their territories of the persons designated by the Committee or by the [Security] Council as being responsible for, including by supporting or promoting, policies of the Democratic People's Republic of Korea in relation to the Democratic People's Republic of Korea's nuclear-related, ballistic missile-related and other weapons of mass destruction-related programmes, together with their family members, provided that nothing in this paragraph shall oblige a State to refuse its own nationals entry into its territory.

In accordance with the *Migration (United Nations Security Council) Regulations 2007* (the Migration UNSC Regulations), the Minister for Immigration and Citizenship specifies by legislative instrument United Nations Security Council resolutions applying travel bans to designated persons. The Migration UNSC Regulations provide the basis for a person subject to such measures to be denied a visa, or to have his or her visa cancelled. Resolution 1718 (2006) has been so specified, thus applying the Migration UNSC Regulations to persons designated for the purposes of paragraph 8 (e) of resolution 1718 (2006).

Paragraph 8 (f) of resolution 1718 (2006)

In order to ensure compliance with the requirements of this paragraph, and thereby preventing illicit trafficking in nuclear, chemical or biological weapons, their means of delivery and related materials, all Member States are called upon to take, in accordance with their national authorities and legislation, and consistent with international law, cooperative action, including through inspection of cargo to and from the Democratic People's Republic of Korea, as necessary.

As supplemented by paragraph 11 of resolution 1874 (2009)

Calls upon all States to inspect, in accordance with their national authorities and legislation, and consistent with international law, all cargo to and from the Democratic People's Republic of Korea, in their territory, including seaports and airports, if the State concerned has information that provides reasonable grounds to believe the cargo contains items the supply, sale, transfer, or export of which is prohibited by paragraph 8 (a), 8 (b), or 8 (c) of resolution 1718 or by paragraph 9 or 10 of the present resolution, for the purpose of ensuring strict implementation of those provisions.

Australian law enforcement has a broad mandate that can incorporate authority to intercept, search and inspect vessels and goods as called for in resolution 1718 (2006) and paragraph 11 of resolution 1874 (2009). The Australian Customs and Border Protection Service administers the *Customs Act 1901*, the *Customs (Prohibited Imports) Regulations 1956* and the *Customs (Prohibited Exports) Regulations 1958*. Regulation 4Y of the *Customs (Prohibited Imports) Regulations 1956* and Regulation 13CO of the *Customs (Prohibited Exports) Regulations 1958* apply the specific sanctions prohibitions applying to goods in relation to the Democratic People's Republic of Korea. Sections 233BABAB and 233BABAC of the *Customs Act 1901* provide for special offences for the breach of these regulations. Maximum penalties for these offences range from 2,500 to 10,000 penalty units, three times the value of the transaction (if this can be calculated) or 10 years' imprisonment.

Customs and Border Protection Officers are empowered to search vessels and aircraft and to inspect cargo within the Australian jurisdiction. Under this legislation, authority to search vessels, aircraft and cargo does not need to be based upon any reasonable grounds to believe that the aircraft or vessel is transporting prohibited goods.

The *Customs Act 1901* requires cargo to be reported to the Australian Customs and Border Protection Service prior to import to and export from Australia. This reporting is done electronically through the Integrated Cargo System. Customs and Border Protection uses the Integrated Cargo System to profile and identify cargo that might be prohibited or of risk. Customs and Border Protection can target, inspect and interdict cargo of concern that might be going to or coming from the Democratic People's Republic of Korea.

Paragraph 18 of resolution 1874 (2009)

Calls upon Member States, in addition to implementing their obligations pursuant to paragraphs 8 (d) and (e) of resolution 1718 (2006), to prevent the

provision of financial services or the transfer to, through or from their territory, or to or by their nationals or entities organized under their laws (including branches abroad), or persons or financial institutions in their territory, of any financial or other assets or resources that could contribute to the Democratic People's Republic of Korea's nuclear-related, ballistic missile-related, or other weapons of mass destruction-related programmes or activities, including by freezing any financial or other assets or resources on their territories or that hereafter come within their territories, or that are subject to their jurisdiction or that hereafter become subject to their jurisdiction, that are associated with such programmes or activities and applying enhanced monitoring to prevent all such transactions in accordance with their national authorities and legislation.

Australian law establishes as serious criminal offences any intentional contribution to a ballistic missile-related or other weapons of mass destruction-related programme or activity. These offences include the intentional provision of financial assistance for such a programme or activity (section 4 and section 11 of the *Weapons of Mass Destruction (Prevention of Proliferation) Act 1995*). The provisions of paragraph 20 of resolution 1874 (2009) have been brought to the attention of agencies responsible for the implementation and enforcement of these laws.

In addition, the Australian Government collects information about the activities of financial institutions based in Australia in connection with financial institutions domiciled in the Democratic People's Republic of Korea and other overseas branches and subsidiaries. Upon request, the Australian Federal Police (AFP) will examine a designated person or entity for any financial activity in relation to the Democratic People's Republic of Korea and advise relevant agencies as required. The Australian Transaction Reports and Analysis Centre (AUSTRAC), Australia's anti-money-laundering and counter-terrorism financing regulator and specialist financial intelligence unit collects all customer-based international funds transfer instructions and may also receive suspicious reports relating to customers of financial institutions who have dealings with the Democratic People's Republic of Korea or who are designated under Security Council sanctions regimes.

AUSTRAC will issue an information circular to industry drawing attention to Security Council resolution 1874 (2009) and its extension of sanctions imposed against the Democratic People's Republic of Korea by resolution 1718 (2006). The circular will remind financial institutions of the need to be aware that other countries may impose sanctions or expand existing sanctions on the Democratic People's Republic of Korea autonomously and that such measures may have implications for Australian financial institutions dealing with the Democratic People's Republic of Korea.

The circular will also remind entities regulated by AUSTRAC to take into account Security Council resolutions and Australian law when considering whether particular transactions should be reported to AUSTRAC as suspicious transactions.

Paragraph 19 of resolution 1874 (2009)

Calls upon all Member States and international financial and credit institutions not to enter into new commitments for grants, financial assistance, or concessional loans to the Democratic People's Republic of Korea, except

for humanitarian and developmental purposes directly addressing the needs of the civilian population, or the promotion of denuclearization, and also calls upon States to exercise enhanced vigilance with a view to reducing current commitments.

The Minister for Foreign Affairs has written to all relevant Ministers drawing their attention, and that of their relevant portfolio agencies, to the terms of paragraph 19 of resolution 1874 (2009).

Paragraph 20 of resolution 1874 (2009)

Calls upon all Member States not to provide public financial support for trade with the Democratic People's Republic of Korea (including the granting of export credits, guarantees or insurance to their nationals or entities involved in such trade) where such financial support could contribute to the Democratic People's Republic of Korea's nuclear-related or ballistic missile-related or other weapons of mass destruction-related programmes or activities.

The Australian Minister for Trade has issued a direction to the Export Finance Insurance Corporation under the *Export Finance Insurance Corporation Act 1991* to exclude trade with the Democratic People's Republic of Korea from financial support available under the Act. Furthermore, the Minister for Trade has declared the Democratic People's Republic of Korea to be a country subject to trade sanctions under the *Export Market Development Grant Act 1997*. This has the effect of excluding trade with the Democratic People's Republic of Korea from financial support available under the Act.



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Note verbale dated 27 July 2009 from the Permanent Mission of Lithuania to the United Nations addressed to the Chairman of the Committee

The Permanent Mission of the Republic of Lithuania to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1718 (2006) and, pursuant to paragraph 22 of Security Council resolution 1874 (2009), has the honour to submit the report of the Republic of Lithuania on the implementation of the provisions of resolutions 1718 (2006) and 1874 (2009) (see annex).

Annex to the note verbale dated 27 July 2009 from the Permanent Mission of Lithuania to the United Nations addressed to the Chairman of the Security Council Committee established pursuant to resolution 1718 (2006)

Report of the Republic of Lithuania pursuant to the provisions of paragraph 22 of Security Council resolution 1874 (2009)

Lithuania implements its policies towards the Democratic People's Republic of Korea together with the other member States of the European Union. Provisions of paragraph 8 of Security Council resolution 1718 (2006) have been implemented in Lithuania by directly applicable Council Regulation (EC) No. 329/2007 of 27 March 2007 concerning restrictive measures against the Democratic People's Republic of Korea.

Provisions of paragraphs 9 and 10 of Security Council resolution 1874 (2009) concerning restrictive measures applying to all arms and related materiel are implemented by the respective Governmental Resolution including the Democratic People's Republic of Korea in the list of the countries under arms embargo (including small arms and light weapons).

The provisions of paragraphs 18, 19 and 20 of Security Council resolution 1874 (2009) concerning financial restrictions are directly implemented upon the adoption or amendment of the relevant regulation of the Council of the European Union.

The national legislation of Lithuania applies a rigorous national export control policy towards the Democratic People's Republic of Korea covering restrictions of the transfers of conventional arms, dual-use goods and technologies related to nuclear, chemical, biological and missiles activities.

The items subject to nuclear, chemical, biological and missiles activities but not listed in the European Union Common Military List and annex I of Council Regulation (EC) No. 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items are controlled under the "catch-all" provision of article 4 of the said regulation.

Concerning embargo on luxury goods, restrictions on admission and freezing of funds and economic resources, competent Lithuanian authorities have been informed about imposed restrictive measures in order to exercise exclusive vigilance towards the Democratic People's Republic of Korea. The information of imposed sanctions has been uploaded on the website of the Ministry of Foreign Affairs of the Republic of Lithuania.

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**Security Council Committee established pursuant
to resolution 1718 (2006)****Note verbale dated 27 July 2009 from the Permanent Mission
of Slovakia to the United Nations addressed to the Chairman
of the Committee**

The Permanent Mission of the Slovak Republic to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1718 (2006) and has the honour to inform the latter about the steps taken by the Government of the Slovak Republic to ensure implementation of the relevant provisions of Security Council resolution 1874 (2009).

Slovakia, as a member State of the European Union (EU), implements the provisions of Security Council resolutions that fall within the scope of the competence of the EU via EU common positions and regulations.

On 20 July 2009, EU agreed on the common position on the Democratic People's Republic of Korea, which should be approved at the forthcoming session of the General Affairs and External Relations Council on 27 July 2009. Release of the implementation of the follow-up to that common position is expected in September 2009. EU immediately initiated the preparation of legal instruments for implementation of the provisions of Security Council resolution 1874 (2009).

All the respective institutions and authorities in Slovakia have been informed about the adoption of resolution 1874 (2009) and have taken the necessary steps to ensure full implementation of the resolution. Act 460/2002, on implementation of international sanctions, sets out the duties and obligations of all authorities in the Slovak Republic.

Pending the adoption of the respective EU common positions and regulations, Slovakia will implement its obligations under the resolution through its existing national legislation and instruments. In respect of paragraphs 9 and 10 of resolution 1874 (2009), the following are involved: Act 21/2007, on dual-use goods and technologies; Act 179/1998, on trading in military material; and Act 541/2004, on peaceful use of nuclear energy.

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**Security Council Committee established
pursuant to resolution 1718 (2006)****Note verbale dated 30 July 2009 from the Permanent Mission
of Finland to the United Nations addressed to the Chairman
of the Committee**

The Permanent Mission of Finland presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1718 (2006), and referring to his note SCA/4/09(03), dated 29 June 2009, has the honour to communicate the following information concerning the implementation of the United Nations sanctions against the Democratic People's Republic of Korea as established by Security Council resolutions 1718 (2006) and 1874 (2009).

The obligations imposed by Security Council resolutions 1718 (2006) and 1874 (2009) have been implemented jointly by Finland and the other States members of the European Union through Common Position 2006/795/CFSP of 20 November 2006, as amended by Council Common Position 2009/573/CFSP of 27 July 2009.*

The European Union will adopt a Council decision implementing Common Position 2006/795/CFSP and establishing, for the purpose of the visa ban and the asset freeze, the list of persons and entities in accordance with determinations made by the Sanctions Committee on 24 April and 16 July 2009.

Council Regulation (EC) No. 329/2007 of 27 March 2007, as amended by Commission Regulations (EC) No. 117/2008 of 28 January 2008 and (EC) No. 389/2009 of 12 May 2009, implements the ban on the export of certain goods and technology as designated by the Sanctions Committee and the prohibition of making funds or economic resources available to such persons or entities, with certain exemptions as provided for in Security Council resolution 1718 (2006).

Commission Regulation No. 117/2008 amends the Council Regulation by including the list of goods and technology subject to the export and import ban (other than luxury goods) as set out in annex I of the Council Regulation in accordance with determinations made by the Sanctions Committee.

* The text referred to is on file with the Secretariat and is available for consultation.



Commission Regulation No. 389/2009 amends the Council Regulation by including the entities designated by the Sanctions Committee on 24 April 2009 in the list of persons, entities and bodies subject to the assets freeze as set out in annex IV to the Council Regulation.

The Commission will also adopt a Commission regulation amending the Council Regulation by including goods in annex I and persons and entities in annex IV to the Council Regulation in accordance with determinations made by the Sanctions Committee on 16 July 2009.

The above-mentioned regulations are directly applicable legislation in the States members of the EU, including Finland. Sanctions and forfeitures to be imposed for violations of their provisions are provided in chapter 46, sections 1 to 3, and chapter 10 of the Finnish Penal Code, respectively. Sanctions for violation of arms embargo are provided in the Act on the Export and Transit of Defence Materiel.



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Note verbale dated 30 July 2009 from the United States Mission to the United Nations addressed to the Chairman of the Committee

The United States Mission has the honour to submit the attached report pursuant to paragraph 22 of United Nations Security Council resolution 1874 (2009). This report covers the concrete measures the United States has taken in order to implement effectively paragraph 8 of resolution 1718 (2006) and paragraphs 9, 10, 18, 19 and 20 of resolution 1874 (2009) (see annex).



Annex to the note verbale dated 30 July 2009 from the United States Mission to the United Nations addressed to the Chairman of the Committee

Report of the United States of America for the United Nations Security Council on efforts towards implementing Security Council resolution 1874 (2009)

The United States believes it is essential that Member States fully and effectively implement this resolution. To ensure maximum United States compliance with our obligations under this resolution, the United States has appointed Ambassador Philip Goldberg as the United States Coordinator for Implementation of Security Council Resolution 1874 (2009), who will oversee a high-level task force on implementation. In addition to the measures described below, the United States will continue to apply trade and assistance restrictions, where appropriate and required by law, and support other States' efforts, as requested, to prevent financial transactions or trade in goods and services prohibited by resolution 1874 (2009).

Following the structure of relevant provisions of the resolution, United States actions to date are as follows:

Paragraph 9: [The Security Council,] Decides that the measures in paragraph 8 (b) of resolution 1718 (2006) shall also apply to all arms and related materiel, as well as to financial transactions, technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of such arms or materiel.

Paragraph 8 (b) of resolution 1718 (2006) requires Member States to prohibit the procurement of specified items from the Democratic People's Republic of Korea by their nationals, or using their flagged vessels or aircraft, and whether or not originating in the Democratic People's Republic of Korea. The United States has previously taken steps that apply to imports of all goods of North Korean origin as well as steps that apply to all North Korean-flagged vessels, and all North Korean airlines. Products of North Korea may not be imported into the United States, either directly or through third countries, without prior notification to and approval of the Department of the Treasury's Office of Foreign Assets Control (OFAC). This licensing requirement implements certain provisions of the Arms Export Control Act by restricting imports from North Korea of certain military- and missile-related goods. In February 2006, President Bush reconfirmed that North Korean-flagged vessels are already prohibited from entering United States ports. Executive Order 13466, which is implemented by the United States Department of the Treasury, prohibits United States persons from owning, leasing, operating or insuring North Korean-flagged vessels. The amendment went into effect on 8 May 2006. The United States has no air services agreement with North Korea, and there are no flights by United States airlines to North Korea or flights by the North Korean airline to the United States. These measures collectively ensure that the procurement of items covered in paragraph 9 is prohibited under United States law.

Paragraph 10: Decides that the measures in paragraph 8 (a) of resolution 1718 (2006) shall also apply to all arms and related materiel, as well as to financial transactions, technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of such arms, except for small arms and light weapons and their related materiel, and calls upon States to exercise vigilance

over the direct or indirect supply, sale or transfer to the Democratic People's Republic of Korea of small arms or light weapons, and further decides that States shall notify the Committee at least five days prior to selling, supplying or transferring small arms or light weapons to the Democratic People's Republic of Korea.

United States restrictions on transfers of lethal military equipment, nuclear-related items, missile-related items, and chemical-biological items to North Korea include restrictions on providing related software, technology, assistance, training, advice or services. The United States works with like-minded countries, including those in the Wassenaar Arrangement, the Nuclear Suppliers Group, the Zangger Committee, the Missile Technology Control Regime, the Australia Group, the Proliferation Security Initiative, and outreach programmes to non-member countries, to prevent transfers to North Korea of technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of the items in subparagraphs (a) (i) and (a) (ii) of operative paragraph 8 of resolution 1718 (2006) and operative paragraph 10 of resolution 1874 (2009).

The United States prohibits the export to North Korea of all arms and related materiel. Specifically, the United States does not permit the export to North Korea of any items on the United States Munitions List, which includes all items listed in paragraph 10, as well as the additional items, including those in document S/2009/205, that the 1718 (2006) Sanctions Committee made subject to the provisions of resolution 1718 (2006) in April and July 2009. The United States also does not approve the export or re-export to North Korea of any relevant dual-use items that are included on the United States Commerce Control List. In general, United States export control restrictions include, but are far broader in scope than, the items listed in resolution 1718 (2006), paragraph 8 (a) (i) and the goods listed in resolution 1874 (2009), paragraph 10. Paragraph 10 also requires the restriction of financial transactions, technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of the listed arms.

Paragraph 18: Calls upon Member States, in addition to implementing their obligations pursuant to paragraph 8 (d) and (e) of resolution 1718 (2006), to prevent the provision of financial services or the transfer to, through or from their territory, or to or by their nationals or entities organized under their laws (including branches abroad), or persons or financial institutions in their territory, of any financial or other assets or resources that could contribute to the Democratic People's Republic of Korea's nuclear-related, ballistic missile-related, or other weapons of mass destruction-related programmes or activities, including by freezing any financial or other assets or resources on their territories or that hereafter come within their territories, or that are subject to their jurisdiction or that hereafter become subject to their jurisdiction, that are associated with such programmes or activities and applying enhanced monitoring to prevent all such transactions in accordance with their national authorities and legislation.

In June 2005, President Bush signed Executive Order 13382 (Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters). The Executive Order allows the United States to block or "freeze" the property and assets, subject to United States jurisdiction, of weapons of mass destruction (WMD) or ballistic missile proliferators and their supporters. Entities and individuals that are designated under the Order are denied access to the United States financial and

commercial systems, and United States persons, wherever located, including United States financial institutions, are required to freeze assets under their control belonging to designated entities/individuals and are prohibited from engaging in transactions with them. This legal authority allows the United States to implement effectively the measures set forth in paragraph 8 (d) of resolution 1718 (2006) and in paragraph 10 of resolution 1874 (2009).

To date, the United States has designated 16 entities and three individuals under United States Executive Order 13382 for their involvement in Democratic People's Republic of Korea proliferation activities. These entities and individuals can be found at the following website: <http://www.ustreas.gov/offices/enforcement/ofac/programs/wmd/wmd.pdf>.

On 24 April 2009, the Security Council Committee established pursuant to resolution 1718 (2006) designated three North Korean entities to be subject to the asset freeze provisions in paragraph 8 (d) of resolution 1718 (2006). All three of these entities — Tanchon Commercial Bank, Korea Mining Development Corporation (KOMID) and Korea Ryonbong General Corporation — were identified by the President as designated WMD proliferators in an annex to Executive Order 13382 on the date of its issuance in June 2005. They have been subject to the provisions of the Order since that date. The 1718 (2006) Sanctions Committee on 16 July 2009 designated an additional five North Korean entities and five North Korean individuals in accordance with paragraph 24 of resolution 1874 (2009). The United States had designated two of those entities — Namchongang Trading Corporation and Hong Kong Electronics — under Executive Order 13382 on 30 June 2009. The United States is working to quickly designate pursuant to United States Executive Order 13382 the remaining three entities and five individuals listed by the Committee.

In addition to taking action under Executive Order 13382, the Department of the Treasury, through the Financial Crimes Enforcement Network, issued an advisory on 18 June 2009 to United States financial institutions regarding North Korean illicit financial activities. The advisory alerts United States financial institutions to the financial provisions in resolution 1718 (2006) and resolution 1874 (2009) and describes Treasury concerns regarding the use of deceptive financial practices by North Korea and North Korean entities, as well as those acting for or on their behalf, to hide illicit conduct, including proliferation activities. In the light of the new Security Council resolution, financial provisions and these concerns, the Treasury advised United States financial institutions to take commensurate risk mitigation measures. The advisory also notes that there is an increased likelihood that correspondent accounts held for North Korean financial institutions, as well as their foreign branches and subsidiaries, may be used to hide illicit conduct and related financial proceeds in an attempt to circumvent existing sanctions. A list of some North Korean banks is included in the advisory for ease of reference. Finally, the advisory also highlights the risks that North Korea may rely on cash transactions to evade the provisions of Security Council resolutions, and urges financial institutions to remain vigilant to large cash deposits by North Korean customers and the associated risk of passing counterfeit currency.

Paragraph 19: Calls upon all Member States and international financial and credit institutions not to enter into new commitments for grants, financial assistance or concessional loans to the Democratic People's Republic of Korea, except for

humanitarian and development purposes directly addressing the needs of the civilian population, or the promotion of denuclearization, and also calls upon States to exercise enhanced vigilance with a view to reducing current commitments.

Since the adoption of resolution 1874 (2009), the United States has not entered into any new commitments for grants, financial assistance, or concessional loans to the Democratic People's Republic of Korea.

Paragraph 20: Calls upon all Member States not to provide public financial support for trade with the Democratic People's Republic of Korea (including the granting of export credits, guarantees or insurance to their nationals or entities involved in such trade) where such financial support could contribute to the Democratic People's Republic of Korea's nuclear-related or ballistic missile-related or other WMD-related programmes or activities.

Since the adoption of resolution 1874 (2009), the United States has not provided public financial support for trade to the Democratic People's Republic of Korea.

**Security Council**

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**Security Council Committee established
pursuant to resolution 1718 (2006)****Note verbale dated 29 July 2009 from the Permanent Mission
of the Netherlands to the United Nations addressed to the
Chairman of the Committee**

The Permanent Mission of the Kingdom of the Netherlands to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1718 (2006) and has the honour to refer to the latter's note verbale dated 29 June 2009.

With reference to paragraph 22 of resolution 1847 (2009), the Permanent Mission of the Kingdom of the Netherlands to the United Nations has the honour to submit to the Security Council Committee established pursuant to resolution 1718 (2006) the requested report of the Government of the Kingdom of the Netherlands on the above-mentioned issue (see annex). Unfortunately, the Ministry of Foreign Affairs of the Kingdom of the Netherlands was hitherto unable to provide this report in time, as verification took longer than expected.



Annex to the note verbale dated 29 July 2009 from the Permanent Mission of the Netherlands to the United Nations addressed to the Chairman of the Committee

Report of the Netherlands on the steps taken with a view to implementing Security Council resolution 1874 (2009)

Pursuant to paragraph 22 of Security Council resolution 1874 (2009), I have the honour to inform you on the steps taken by the Government of the Netherlands to implement the measures imposed by paragraph 8 of resolution 1718 (2006) and paragraphs 9, 10, 18, 19 and 20 of resolution 1874 (2009).

The Netherlands and the other States members of the European Union have jointly implemented the restrictive measures against the Democratic People's Republic of Korea imposed by Security Council resolutions 1718 (2006) and 1874 (2009) by taking the following common measures:^a

- Council Common Position 2006/795/CFSP of 20 November 2006,^b as amended by Council Common Position 2009/573/CFSP of 27 July 2009.^c

The Common Position sets out the European Union's commitment to implementation of all the measures contained in Security Council resolutions 1718 (2006) and 1874 (2009), and provides the basis for EU specific implementing measures within the scope of the resolutions, notably:

- complete arms embargo;
- export ban on certain other items, in addition to those determined by the Sanctions Committee, which could contribute to the Democratic People's Republic of Korea's nuclear-related, ballistic missile-related or other weapons of mass destruction-related programmes;
- listing, to be decided by the Council of the EU, of persons and entities subject to visa ban and asset freeze, either by reason of their promotion or support of the Democratic People's Republic of Korea's programmes as mentioned above or because they provide financial services or other resources that could contribute to those programmes;
- enhanced monitoring over the activities of financial institutions within the jurisdiction of EU member States with certain banks and financial entities linked to the Democratic People's Republic of Korea;
- additional information requirements for aircraft and vessels transporting cargo to and from the Democratic People's Republic of Korea.

The EU will adopt a Council decision implementing Common Position 2006/795/CFSP and establishing, for the purpose of the visa ban and the asset freeze, the list of persons and entities in accordance with determinations made by the Sanctions Committee on 24 April and 16 July 2009.

^a All common measures are published in the *Official Journal of the European Union*, which can be consulted through the following web pages: <http://eur-lex.europa.eu/JOIIndex.do?ihmlang=en> (published issues) and http://eur-lex.europa.eu/RECH_menu.do?ihmlang=en (search form).

^b *Official Journal of the European Union* L 322, 22.11.2006, p. 32.

^c Yet to be published in the *Official Journal of the European Union*.

- Council Regulation (EC) No. 329/2007 of 27 March 2007,^d as amended by Commission Regulation (EC) No. 117/2008 of 28 January 2008^e and Commission Regulation (EC) No. 389/2009 of 12 May 2009.^f

The Council Regulation implements in the European Community the ban on exports of goods and technology which could contribute to the Democratic People's Republic of Korea's nuclear-related, ballistic missile-related or other weapons of mass destruction-related programmes and on the provision of related services, the ban on procurement of goods and technology from the Democratic People's Republic of Korea, the ban on export of luxury goods to the Democratic People's Republic of Korea, as well as the freezing of funds and economic resources of persons, entities and bodies engaged in or providing support for the said Democratic People's Republic of Korea programmes as designated by the Sanctions Committee and the prohibition of making funds or economic resources available to such persons or entities, with certain exemptions as provided for in Security Council resolution 1718 (2006).

Commission Regulation No. 117/2008 amends the Council Regulation by including the list of goods and technology subject to the export and import ban (other than luxury goods) as set out in annex I to the Council Regulation in accordance with determinations made by the Sanctions Committee.

Commission Regulation No. 389/2009 amends the Council Regulation by including the entities designated by the Sanctions Committee on 24 April 2009 in the list of persons, entities and bodies subject to the asset freeze as set out in annex IV to the Council Regulation.

The Commission will adopt a Commission regulation amending the Council Regulation by including goods in annex I and persons and entities in annex IV to the Council Regulation in accordance with determinations made by the Sanctions Committee on 16 July 2009.

- Council Regulation (EC) No. 539/2001 of 15 March 2001 (and its subsequent amendments).^g This Regulation requires nationals of the Democratic People's Republic of Korea to be in possession of a visa when entering the European Union.

As soon as the Council Decision and the Council Regulation are adopted, the Netherlands Minister for Foreign Affairs, in cooperation with other ministers concerned, will lay down the necessary national provisions in secondary legislation, within the framework of the sanctions Law 1977. Such legislation is currently under preparation. Pending the adoption of the EU regulation and, subsequently, national secondary legislation, the Netherlands is implementing its obligations under the Security Council through its existing national legislation and instruments, i.e., border patrol, visa and import/export licences.

^d *Official Journal of the European Union* L 88, 29/3/2007, p. 1.

^e *Official Journal of the European Union* L 35, 9.2.2008, p. 57.

^f *Official Journal of the European Union* L 118, 13.5.2009, p. 78.

^g *Official Journal of the European Union* L 81, 21.3.2001, p. 1.



Security Council

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Security Council Committee established pursuant to resolution 1718 (2006)

Note verbale dated 3 August 2009 from the Permanent Mission of China to the United Nations addressed to the Committee

The Permanent Mission of the People's Republic of China to the United Nations presents its compliments to the Security Council Committee established pursuant to resolution 1718 (2006) and has the honour to enclose herewith the report on the steps that the People's Republic of China has taken in order to implement effectively the provisions of paragraph 8 of resolution 1718 (2006), as well as paragraphs 9 and 10 and the financial measures set out in paragraphs 18, 19 and 20 of resolution 1874 (2009) (see annex).



**Annex to the note verbale dated 3 August 2009 from the
Permanent Mission of China to the United Nations addressed to
the Committee**

[Original: Chinese]

**Report by China on implementation of Security Council resolution
1874 (2009)**

1. China supports the adoption of resolution 1874 (2009) by the Security Council. That resolution not only clearly signalled the resolute opposition of the international community to nuclear testing and the possession of nuclear weapons by the Democratic People's Republic of Korea, but also left space for diplomatic efforts to achieve the resumption of negotiations as quickly as possible.

2. China is a permanent member of the Security Council. It always takes a responsible attitude towards the implementation of that body's resolutions, and has developed a set of effective operational mechanisms and practices in that regard. Following the adoption of resolution 1874 (2009), the Ministry of Foreign Affairs, with the authorization of the State Council of the People's Republic of China, issued a circular requiring its implementation by all State ministries and commissions as well as in all provinces, autonomous regions, municipalities and the Hong Kong and Macao Special Administrative Regions.

3. With regard to the implementation of the provisions of paragraph 8 of Security Council resolution 1718 (2006), China has taken the following measures in accordance with that resolution and the relevant decisions of the Security Council Committee established pursuant to resolution 1718 (2006):

(a) China has established a comprehensive system of laws and regulations governing the export of items related to nuclear, biological, chemical and guided-missile programmes as well as all military items. The regulatory scope of current Chinese export-control legislation is substantially the same as that of established international practice. China will continue to implement the resolution and the list of items embargoed for export to the Democratic People's Republic of Korea as determined by the Committee on this basis.

(b) China will ensure the freezing of funds, other financial assets and economic resources on its territories, that are owned or controlled, directly or indirectly, by the persons or entities designated by the Committee or by the Security Council as being engaged in or providing support for, including through other illicit means, the nuclear-related, other weapons of mass destruction-related and ballistic missile-related programmes of the Democratic People's Republic of Korea, or by persons or entities acting on their behalf or at their direction, and will ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of such persons or entities. The competent Chinese authorities will also include such persons on the list of persons to be denied entry into China in order to prevent their entry into or transit through its national territory.

4. China has always taken a prudent and responsible attitude towards the export of military products, and manages them strictly. China will implement the

provisions of the resolution and refrain from exporting to the Democratic People's Republic of Korea all arms and related materiel except for small arms and light weapons and their related materiel, as well as from financial transactions, technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of such arms to the Democratic People's Republic of Korea, and will implement the provisions of the resolution on notification of the Security Council.

5. The competent Chinese authorities have reminded all financial institutions to intensify the screening of their business contacts with the Democratic People's Republic of Korea to prevent the provision of financial services or the transfer to, through, or from Chinese territory, or to or by its nationals or entities organized under its laws, or persons or financial institutions in its territory, of any financial or other assets or resources that could contribute to the nuclear-related, ballistic missile-related, or other weapons of mass destruction-related programmes or activities of the Democratic People's Republic of Korea, including by freezing any financial or other assets or resources on its territory or that hereafter come within its territory, or that are subject to its jurisdiction or that hereafter become subject to its jurisdiction, that are associated with such programmes or activities and applying enhanced monitoring to prevent all such transactions in accordance with their national authorities and legislation.

6. China will handle questions of new commitments for grants, financial assistance, or concessional loans to the Democratic People's Republic of Korea as well as the provision of public financial support for trade with the Democratic People's Republic of Korea in accordance with the resolution, and prevent the use of such financial support for the nuclear-related or ballistic missile-related or other weapons of mass destruction-related programmes or activities of the Democratic People's Republic of Korea.

7. Based on the principle of "one country, two systems", the Central Government of China is responsible for managing the defence and foreign affairs of the Hong Kong and Macao Special Administrative Regions (SARs); the Hong Kong and Macao SARs enjoy executive, legislative and independent judicial power, including that of final adjudication. For this reason, the Hong Kong and Macao SARs shall, upon notification by the Central Government, formulate their own laws and regulations so as fully to implement resolution 1874 (2009) and the relevant decisions of the Committee.

8. China is of the view that all countries have the duty accurately and conscientiously to implement resolution 1874 (2009) and the relevant decisions of the Committee; at the same time, they should remain calm and avoid interpreting events, arbitrary interpretations or expanding the scope of sanctions, and should make even greater efforts to avoid resorting to military force or threats to use military force. The implementation of the resolution should not influence the national development of the Democratic People's Republic of Korea, its normal external contacts or the normal lives of its people, nor should it harm the normal relations of the Democratic People's Republic of Korea with other countries. At the same time, the reversibility provision of Security Council resolution 1874 (2009) should also be effectively implemented; if the Democratic People's Republic of Korea abides by the provisions of the resolution, the Security Council should review

the question of temporarily suspending or removing the sanctions directed at the Democratic People's Republic of Korea.

9. China holds that sanctions are not the goal of Security Council actions, but only a means. In implementing the resolution, States should focus on maintaining the peace and stability of the Korean peninsula and the north-east Asian region, promoting the rapid resolution of the North Korean nuclear problem, and returning to the path of negotiated settlement. China is willing to continue coordinating and cooperating with all parties concerned in this regard, and to playing a constructive role in the process.